

IMPAC MORTGAGE HOLDINGS INC
Form 10-Q
May 17, 2010
[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2010

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to .

Commission File Number: 1-14100

IMPAC MORTGAGE HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Maryland

33-0675505

Edgar Filing: IMPAC MORTGAGE HOLDINGS INC - Form 10-Q

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

19500 Jamboree Road, Irvine, California 92612

(Address of principal executive offices)

(949) 475-3600

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2) Yes No

There were 7,728,146 shares of common stock outstanding as of May 17, 2010.

Table of Contents

IMPAC MORTGAGE HOLDINGS, INC.

FORM 10-Q QUARTERLY REPORT

TABLE OF CONTENTS

	Page
<u>PART I. FINANCIAL INFORMATION</u>	
<u>ITEM 1.</u>	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>
	<u>Consolidated Balance Sheets as of March 31, 2010 (unaudited) and December 31, 2009</u> 1
	<u>Consolidated Statements of Operations for the Three Months Ended March 31, 2010 and 2009 (unaudited)</u> 2
	<u>Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2010 and 2009 (unaudited)</u> 3
	<u>Notes to Unaudited Consolidated Financial Statements</u> 4
<u>ITEM 2.</u>	<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>
	<u>Forward-Looking Statements</u> 18
	<u>The Mortgage Banking Industry and Discussion of Relevant Fiscal Periods</u> 18
	<u>Status of Operations, Liquidity and Capital Resources</u> 18
	<u>Market Conditions</u> 21
	<u>Critical Accounting Policies</u> 23
	<u>Fair Value of Financial Instruments</u> 24
	<u>Interest Income and Interest Expense</u> 28
	<u>Income Taxes</u> 28
	<u>Selected Financial Results for the Three Months Ended March 31, 2010</u> 28
	<u>Financial Condition and Results of Operations</u> 29
<u>ITEM 3.</u>	<u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u> 39
<u>ITEM 4.</u>	<u>CONTROLS AND PROCEDURES</u> 39
<u>PART II. OTHER INFORMATION</u>	
<u>ITEM 1.</u>	<u>LEGAL PROCEEDINGS</u> 40
<u>ITEM 1A.</u>	<u>RISK FACTORS</u> 40
<u>ITEM 2.</u>	<u>UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u> 43
<u>ITEM 3.</u>	<u>DEFAULTS UPON SENIOR SECURITIES</u> 43
<u>ITEM 4.</u>	<u>RESERVED</u> 43
<u>ITEM 5.</u>	<u>OTHER INFORMATION</u> 44
<u>ITEM 6.</u>	<u>EXHIBITS</u> 44

SIGNATURES

CERTIFICATIONS

Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS****IMPAC MORTGAGE HOLDINGS, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

(in thousands, except share data)

	March 31, 2010 (Unaudited)	December 31, 2009
ASSETS		
Cash and cash equivalents	\$ 23,023	\$ 25,678
Restricted cash	1,253	1,253
Short-term investments		5,002
Trust assets		
Investment securities available-for-sale	670	813
Securitized mortgage collateral	6,366,855	5,666,122
Derivative assets	50	146
Real estate owned	128,411	142,364
Total trust assets	6,495,986	5,809,445
Assets of discontinued operations	4,743	4,480
Other assets	29,418	27,054
Total assets	\$ 6,554,423	\$ 5,872,912
LIABILITIES		
Trust liabilities		
Securitized mortgage borrowings	\$ 6,351,890	\$ 5,659,865
Derivative liabilities	117,926	126,603
Total trust liabilities	6,469,816	5,786,468
Long-term debt	10,732	9,773
Note payable	26,836	31,060
Liabilities of discontinued operations	17,938	19,152
Other liabilities	7,401	11,026
Total liabilities	6,532,723	5,857,479
Commitments and contingencies		
STOCKHOLDERS EQUITY		
Series A junior participating preferred stock, \$0.01 par value; 2,500,000 shares authorized; none issued and outstanding		
Series B 9.375% redeemable preferred stock, \$0.01 par value; liquidation value \$16,639; 2,000,000 shares authorized, 665,592 noncumulative shares issued and outstanding as of March 31, 2010 and December 31, 2009, respectively	7	7
	14	14

Edgar Filing: IMPAC MORTGAGE HOLDINGS INC - Form 10-Q

Series C 9.125% redeemable preferred stock, \$0.01 par value; liquidation value \$35,127; 5,500,000 shares authorized; 1,405,086 noncumulative shares issued and outstanding as of March 31, 2010 and December 31, 2009, respectively		
Common stock, \$0.01 par value; 200,000,000 shares authorized; 7,698,146 shares issued and outstanding as of March 31, 2010 and December 31, 2009, respectively		
	77	77
Additional paid-in capital	1,076,056	1,075,707
Net accumulated deficit:		
Cumulative dividends declared	(822,520)	(822,520)
Retained deficit	(231,934)	(237,852)
Net accumulated deficit	(1,054,454)	(1,060,372)